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## ABSTRACT

Vermont's Equal Educational Opportunity Act of 1997 (Act 60) has attracted attention because of its funding and quality components, and the highly publicized responses to its implementation. A key feature is its "recapture" provision in which property-wealthy towns contribute to a state educational fund that helps support education in poorer communities. A multiple case study done to examine ramifications of this act shows that: (1) educators believe that its quality components are effective in improving educational quality despite ambiguous and inconclusive student achievement test results; (2) defects of the funding mechanism are emerging involving inflation adjustment, financial strain from changing enrollments, and the state's ability to cover funding shortfalls; (3) school district resistance to changes are financial, political, and cultural; (4) all towns are struggling with escalating education costs; and (5) Vermont towns are maintaining their individuality and uniqueness despite fears of homogenization. At this time, the future remains uncertain and prompts unanswered questions concerning issues of sustainability, adequacy of funding, political influences, and expanding the culture of local control to encompass the entire state. Appendices contain data on demographics for FY 1997, various financial summaries for FY 99 through FY 2001, and a graph of changes in effective tax rate versus per-pupil cost. (Contains 13 references.) (RT)

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**THE GREAT BALANCING ACT: FINANCIAL EQUITY AND LOCAL CONTROL.  
CAN VERMONT'S ACT 60 DO IT?**

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## **THE GREAT BALANCING ACT: FINANCIAL EQUITY AND LOCAL CONTROL. CAN VERMONT'S ACT 60 DO IT?**

### **I. Introduction**

Across the country, state governments continue to struggle to develop equitable, affordable and politically viable mechanisms for financing public schools. This seemingly straightforward task has consumed enormous legislative, judicial and political energy. Since 1989, for example, supreme courts in over twenty states have ruled on the constitutionality of their state's financing laws (Verstegen, 1999). In spite of litigation and continued public pressure, almost no state has yet found the perfect system of educational financing. Many states have, however, responded to the need and pressure and have produced significant new funding systems. Vermont is one of these states.

Vermont's Act 60, the Equal Educational Opportunity Act of 1997, has attracted attention because of the content (both its funding and quality components), and the highly publicized responses to its implementation. The funding components have especially garnered attention because of the sharing provisions. This "recapture" provision creates a system in which property-wealthy towns (often called "gold towns") contribute to a state educational fund that helps support education in poorer communities (Picus, 1998; Proulx & Jimerson, 1998). Excoriated by some as yet another intrusion of state government into local affairs, Act 60 engendered political anger that has flared and smoldered for three years (Jimerson, 1999; Mathis, 2000).

The success or failure of Act 60 to accomplish its goals is being scrutinized carefully across the United States, especially by those states still seeking viable models. This paper presents the results of the final year of a three-year project funded by the Northeast Regional LAB at Brown University. The investigation focused on the impact of Act 60 in twelve representative sites within Vermont, using qualitative and quantitative data collected by the research team over the three-year period. The multiple case study was intended to provide researchers and policymakers information about the ongoing effects of this legislation.

### **II. Background**

#### **Local Control in Vermont**

Vermont is frequently characterized, by both long-term residents and more recent arrivals from other states ("flat-landers" in the common vernacular), as a state with exceptional high degree of local control. Most small Vermont villages have their own town government and run their own schools. Larger regional or countywide government is practically nonexistent. Control of most public policy (and tax dollars) happens either at the state level, or at the local level.

In many respects, Vermont schools are locally controlled and locally governed. Vermont has 251 school districts, and over 1400 schools board members for about 105,000 students. Locally elected school boards in Vermont have broad discretion in making decisions about budgets, curriculum, staffing, schedules, class size and salaries. Local schools are, in fact, authentically governed by community members and therefore are emotionally perceived as true community institutions.

New state mandates, including those in Act 60, have dictated some changes, including statewide assessments, academic standards and quality (or school) standards.

The state, sensitive to the strong tradition of local control, has avoided attaching high-stakes to assessment (at least, thus far) and most of the other requirements delineate outcomes, rather than prescribe strict implementation procedures. In addition, the state policies allow great flexibility by permitting waivers for many mandates.

Up until the passage of Act 60, paying for education had also been a local matter. Through 1997, each community could determine its own tax rate when it voted on school budgets at the annual Town Meeting. Property taxes were determined at a town level and were based on the town assessed property values and the locally voted school budget.

It is precisely this arrangement, however, that led to the extreme disparities of tax rates, tax burdens and school spending that led to the Supreme Court case that declared the educational funding laws to be unconstitutional (Brigham v. State of Vermont, 1997). Prior to Act 60, many property-wealthy communities were able to raise a great deal of money for education with very little tax effort. In contrast, property-poor towns had extremely high tax rates but could generate much less for local schools. One community, for example, had a tax rate of \$.10 per hundred-dollar valuation and raised over \$12,000 per pupil. In another town for the same year, a \$1.87 tax rate produced about \$6,000 per pupil.

With the Act 60 equalization provisions, local control of tax rates is seriously diminished. Since the *yield* from tax rates is equalized across the state, it is no longer tied to the property value of any particular town. In addition, the first level (or tier) of funding is mandatory under Act 60. A uniform statewide property tax is assessed on all property in Vermont--and produces a state-determined *per pupil* block grant. It is no longer possible for towns to tax less than this--or to spend less than the block grant.

Act 60 does preserve local control of taxation beyond this amount, however. Communities can (and most do) decide to spend more than the block grant. The tax rates to support extra (above-block) expenditures are also equalized. Thus the state mandates a minimum (the block grant)--and local communities have discretion over the budget above this.

There are, of course, other elements of local control besides the taxes and tax yield. And part of the controversy around Act 60, is the question of whether the elimination of local control over *tax yield* will also eliminate other forms of local control. As mentioned above, the total school budget, the specific allocation of funds, the determination of curriculum, staffing decisions, scheduling, course offerings, teacher salaries etc. still remain a local decision. These determinations influence what is taught, who teaches, and how instruction occurs. These areas also help establish a particular school culture--which often is palpable, but difficult to define.

It is with this background, that the research team was acutely sensitive to forms and expressions of local control in our study. Though examination of local control was not initially a specific focus of our investigation, as is often true in qualitative research, this area emerged as the study proceeded over the course of three years (Glesne & Peshkin, 1992).

#### Main Components of Act 60

Act 60 is notable in several ways. First, it was crafted to simultaneously guarantee a quality education on a state level while still preserving local control--or least, local options. Second, it contains a recapture or sharing provision that basically redistributes

wealth, from more prosperous towns, in terms of property wealth, to poorer towns. Third, though it relies primarily on property taxes, it provides property tax relief to residents based on income. And last, though public attention has dwelt on the financial ramifications of the legislation, Act 60 contains significant and extensive mandates designed to improve educational quality--the so-called Quality Components.

1. Preserving local options. The state sets a statewide property tax, uniform in every town, that is designed to guarantee at least a minimum amount of financial revenue for each child in Vermont's public schools. Though the legislature was careful to declare that this amount (\$5,383 for FY 2002) was not expected to pay all the costs of a "quality" education, it was a guarantee that every child had at least that amount to fund his or her schooling. Thus, by the end of a three-year phase-in period, every property in Vermont was being assessed a common rate (\$1.10 per \$100 assessment) that would generate the revenue for the block grant.

Every town has the option to raise and spend more beyond this minimum level. This "above-block" amount, paid for by the local share tax, is also equalized so that a penny on the tax rate in every Vermont town yields the same amount of money per pupil. In other words, with Act 60, every town can raise the same amount per pupil for the same tax rate. Local voters decide how much above the basic block grant they want to support when they vote on the school budget. (In FY 2002, the guaranteed yield for above-block costs is \$41 per one-cent tax levy per equalized pupil.)

2. The recapture provision. Since the revenue from taxes is "equalized," each community receives the same amount per pupil for equal tax effort. However, in property-wealthy communities, each penny of the tax rate raises much more than a penny in the property-poor communities. This difference is essentially redistributed by the state through the Education Fund. "Excess" revenue from property-wealthy towns is used to offset low revenues in property-poor districts.

As expected, towns with previously low tax rates and high expenditures (i.e., gold towns) have now found themselves in an uncomfortable dilemma. To spend the same amount as before, their taxes have to increase significantly. The other alternative is to drastically decrease their expenditures, which is extremely unpopular in towns with historically well-financed schools. Gold towns have, therefore, led the charge in efforts to repeal the legislation or, at least, change it. In this study there were initially four gold towns and one that became "gold" --or at least bronze-- in the past three years.

3. Income sensitivity. The third main component in Act 60 is the income sensitivity provision. This is an attempt to merge concepts of ability to pay based on income, with ability to pay based on property wealth. This provision caps the amount of property tax on the homestead (house and two acres) for households with incomes up to \$88,000. Thus, even in towns with high tax rates, lower income families usually pay less.

This is not perfect, however. Given that Vermont is also an agricultural and rural state, many families have far more than two acres. The property tax on this extra acreage is not subject to the income sensitivity, though Vermont has other mechanisms for reducing taxes, such as the current use laws. (These laws link property taxes to the current use of the parcel, rather than its development potential.) In addition, there is no income sensitivity for second-home owners or businesses.

4. Quality components. Act 60 was designed not only to reform education finance, but to also improve the quality of education in Vermont. The legislation contains

numerous mandates that require all districts to systematically initiate steps meant to improve educational quality. The following five Act 60 components illustrate the breadth of this legislation.

**\*Action Plans.** Each school is required to create an Action Plan to improve academic performance. This plan must be based upon student assessment data and include strategies to achieve specific educational goals. Action plans must be formed with broad participation, involving community members, administration and teachers in the process.

**\*Standards and Assessment:** Districts are required to adopt, implement, and continually update school curriculum in all grades, in all subjects, consistent with Vermont's Framework of Standards and Learning Opportunities (adopted by the state in 1996) or comparable standards. Assessment must be utilized to measure performance against these standards. The state's comprehensive student assessment system relies heavily on the New Standards Reference Exams and they are the backbone of assessment programs in most districts.

**\*Annual Reporting:** Each school district must report annually to the community on the state of its local schools. The annual report must include relevant student performance data, financial data, and information about social indicators (such as poverty level and number of students qualifying for special education).

**\*Professional Development:** Schools are required to create professional development opportunities for teachers that are based on the needs of the school. The legislation emphasizes that this "needs-based" professional development utilizes regional resources and eventually is tied to teacher evaluation. Act 60 also calls for the formation of a coordinated statewide professional development system, which has linkages to professional standards boards, and their requirements for credentialing and recertifying teachers.

**\*School Quality Standards:** The previous Public School Approval (PSA) standards were replaced with new School Quality Standards that emphasize outcomes for students. The old PSA standards were primarily "input" measures (e.g., numbers of library books and staffing requirements per student). The focus of the new school quality standards is on leadership and staffing standards, instructional practices, educational materials, and up-to-date technology.

Other quality elements in Act 60 and/or in its two technical corrections bills include: governance changes for technical education, provisions for limited public school choice, and the financial support of very small schools. Act 60 also mandates a number of evaluation studies of both the quality and financial outcomes of the act itself. These studies have already begun and will continue for years to come.

### **III. Theoretical Perspectives**

The wisdom or folly of seeking equal education opportunity through state educational finance legislation is related to theoretical perspectives in two areas: educational productivity, and achieving equity via state financing laws.

**Educational productivity.** School finance and policy researchers have analyzed the impact of increased spending on student achievement and have reached divergent conclusions. Hanushek's (1997) review of productivity research indicates that there is no relationship between cost and quality. In direct contrast, Rothstein (1996) shows that

there is a connection, primarily noted when one examines how money is allocated and then measures the corresponding, related outcome. Picus (1998) believes that the key to productive spending is to carefully examine research on effective educational reform and use that as the basis for allocation of additional funds. Other research suggests that money spent on professional development and smaller class size is related to higher student achievement (Miner, 1997). This cost/quality, productivity debate is far from settled and is utilized by policymakers to rationalize both increased and decreased financial allocations.

Achieving equity via state financing laws The research on state funding formulas suggests that increased equity is attainable through state policy (Adams & White, 1997). A prime example is Kentucky's Education Reform Act of 1990, which has resolved a substantial degree of taxpayer and student inequity. Researchers believe that additional equity is achievable in Kentucky, though necessitating more state dollars, and perhaps losing some degree of local control (Adams & White, 1997). This element--local control--gains significance in the Vermont context, which has a long, cherished cultural history of local decision-making, culminated by voting at Town Meeting (Proulx & Jimerson, 1998).

#### **IV. Research Methods**

This is a qualitative investigation using a multiple case study approach. The goal was to investigate a range of districts from both an etic (outsider's) and emic (insider's) point of view (Glesne & Peshkin, 1992). The specific research questions of interest were developed collaboratively with the Northeast LAB at Brown, the University of Vermont, and leaders from the Vermont legislature and the Department of Education.

Site Selection. Selected sites represented the range of *anticipated* impact from Act 60 and offered a distribution according to location, grade configuration, and district size. There were three categories of sites:

High impact districts included three sub-categories as follows:

Low tax/high spending (N = 4)

Low tax/low spending (N = 1)

High tax/low spending (N = 3)

Minimal impact districts: These include districts where the tax rate

and per pupil spending was close to the 1997-98 state averages. (N = 2)

Unknown impact: These districts were high taxes/high spending districts. (N = 2)

*Gold towns* are usually defined as the towns in the "low tax/high spending" category.

Appendix A describes some of the initial demographics of these twelve sites.

#### Data Sources.

1. Site-specific data from the districts and Department of Education: Student demographics, school resources, class size, personnel, budgets, teacher salaries, history of community support for local budgets, course offerings, student achievement data, etc.

2. Interview Data: Perceptions of key stakeholders (superintendents, principals, board members, and community members)

3. Written and Electronic Publications: List serves, WEB sites, printed media reports, district documents, Department of Education publications, spreadsheets, etc.

4. Direct Observation: Various community meetings, forums, debates, school board meetings, Town Meetings etc.

Analysis. Qualitative data from the sources described above were examined to discover common themes across all twelve sites. Quantitative data was gathered in each site also, though the small sample precluded statistical treatment.

Graphic representation of specific trends (such as changes in tax rates and spending patterns) is included in the appendices.

During the summer and early fall, each researcher wrote a brief case summary. This case summary was first reviewed internally, then sent to the main contact people at each site for member checking. Based on that feedback, corrections were made to the summaries before inclusion in the final report for the NE regional Lab. (For logistical reasons, this paper does not include these detailed case summaries.)

## V. Common Themes--Year Three

Five themes emerged from our data in these twelve sites. We found that the districts in this study were (1) **Implementing the Act 60 Quality Components;** (2) **Illuminating Problems with Act 60 Funding Provisions;** (3) **Resisting Changes from Act 60;** (4) **Struggling to Balance Fiscal Realities with Program Needs;** and (5) **Maintaining Local Uniqueness.** The following sections describe these themes in detail.

### 1. Implementing the Act 60 Quality Component

Our qualitative review indicates that most of these schools are putting enormous energy into improving academic achievement. Most sites are formulating thoughtful Action Plans based on data. Schools are examining results on the state-mandated New Standards Reference Exams (NSRE) and related tests to determine areas in need of improvement. Most sites are adopting standards-based curriculum and providing their teachers with professional development designed to help implement these programs. The most common element across all these schools is a sense of focused energy and effort to improve academic achievement in math, science and early literacy (in the elementary grade schools).

The relative success of these efforts is expected to be seen ultimately in NSRE and other standards-based test results. At this time, three years into the testing program, the results are sometimes inconsistent and confusing. Longitudinal trends in data are erratic. Some grades in some subjects and in some areas of some of the tests show improvement, while others look like a decline in performance. Thus far no identifiable patterns seem to have emerged statewide.

Below is a typical example of this erratic picture from South Burlington, 10th grade math. There are three subscores in NSRE for this grade--math concepts, math skills and math problem solving. Here is the percent of students in highest two performance levels:

|                              | 1997-98 | 1998-99 | 1999-00 |
|------------------------------|---------|---------|---------|
| Mathematical Concepts        | 48%     | 41%     | 52%     |
| Mathematical Skills          | 86%     | 87%     | 74%     |
| Mathematical Problem Solving | 35%     | 56%     | 44%     |

Given this kind of confusing information, the Vermont Department of Education itself is presently examining all the test data and trying to determine what types of valid

conclusions, if any, can be reached with this information. Since national assessment research has indicated that up to 70% of the variance in test results on criteria-referenced exams is due to "cohort effects," the state (and these sites) have hesitated drawing premature conclusions from three years of data. Since year to year, same grade comparisons test different cohorts of students, it may not be possible to make judgements on the quality of teaching and learning--at least for several more years.

This potential impact of cohort effects was noted by the principal in one of the research sites. She mentioned that this year's 4th grade class at her school had over 50% of students classified as needing either special education services, or Section 504 accommodations (for disabilities). Last year, about 30% of the 4th grade class required these services. She wondered how year-to-year data could possibly take into account the difference in the student populations.

In addition to cohort effects, educational professionals, in general, believe that affecting instructional change takes several years. Merely adopting new curricular materials and methods is generally not considered to be sufficient. Professional development is essential for effective implementation and educators believe that this professional development must be ongoing.

In spite of the lack of consistent test results, our interviews in these sites indicate that principals are feeling quite optimistic about improving academic achievement through action planning and other Act 60 quality components.

There is one school in this study that has achieved very dramatic improvement in NSRE results. In Lowell, the percent of students achieving the standard or higher went from 0% to 100% in two years in writing effectiveness in grade 4. Other subtests are also markedly improved. In fact, the school boasts test results above the state average in every test both in 4th and 8th grade. Two years ago, they were among the lowest performers. Though it is not clear exactly what accounted for this turn-around, this school was one in which the statewide property tax "forced" them to spend more than they did traditionally --and the bulk of this extra money went towards professional development.

## 2. Illuminating Problems with Act 60 Funding Provisions

Inflation woes. Across all these sites, in gold towns as well as beneficiaries, some weaknesses of the Act 60 formula are becoming more apparent. In general, the provisions in Act 60 to account for cost increases have not been adequate to cover the actual increases that districts are experiencing. Thus the per pupil block grant is covering less and less of the total expense, with more taxes needed above the statewide property tax level to fund the schools. Several of these districts (Cornwall, Proctor, South Burlington) needed to increase taxes even with no additional new programs.

Act 60 designates the Index of Government Purchases of Goods and Services to correct for inflation in the block-grant support. This index has not kept up with the actual cost increases in education. For example, last year's health insurance premiums rose an average of 23%. Thus every district needed to significantly increase operating expenses merely to cover personnel costs. In addition, escalating special education expenses are a burden for most districts. Though the state has increased its reimbursement to approximately 60%, the remaining expenses have been significant. Thus for many school districts in Vermont, actual increases in costs seem to routinely exceed the inflation index for government purchases.

Impact of enrollment changes. In addition, changes in enrollment numbers can inflict additional financial burdens on districts. Districts with falling enrollment receive less block grant revenue, but may, in fact, not have a corresponding decrease in expenditures. This is especially apparent in small schools (like Cornwall) where the loss of a few students may result in a relatively large revenue decrease. In districts with increasing enrollment, the additional revenue may not be sufficient, especially if additional staff is needed. Also some districts (like South Burlington) with increasing enrollment are beginning to face the need for additional space. Assuming the additional burden of a large facilities project will almost certainly add to the tax rate.

Act 60 does have some provisions to deal with these challenges. Block grants are linked to inflation through the Government Purchasing Index, even if that measure seems inadequate. The impact from enrollment changes is somewhat muted by use of a two-year population average. Reimbursement for special education is now approximately 60%. The state does promise to reimburse districts for about 30% of school construction costs. None of these provisions, however, fully protect the taxpayers. In districts that are experiencing several of these factors simultaneously, the promise of Act 60 has been diminished. And rightly, school officials mention that most of these factors are beyond local control.

Impact from private funding. In three towns in this study (Dorset, Stowe, Winhall), private funding has allowed districts to restrict school taxes to the statewide property tax. For the past two years, all above-block expenses have been covered by other private revenue. (South Burlington also relied on significant private funding. They did not raise enough, however, to limit property taxes to the statewide property tax rate.) Since these towns are "sharing" towns, this has decreased revenues that were originally anticipated to help finance the Education Fund. This Act 60 "loophole" thus allow private donations to supplant taxes needed to cover above-block spending and to dramatically alter the pool of funds available to "receiving" districts, unless it is supplemented by other sources of public revenue.

Thus far the legislature has been able to mitigate the impact of a deficit in the sharing pool by putting state surplus into the fund. Last year they allocated an additional \$36 million to the Educational Fund. It is estimated that \$22 million of that amount was used to make up for money *not* received from gold towns. Some fear that the continued use of private funds by districts will eventually cause economic stress on the funding system.

### 3. Resisting Changes from Act 60

Financial resistance. Gold towns in this study theoretically confront two equally undesirable choices under Act 60--either face steep property tax increases, or substantially cut educational programs. Property-wealthy towns in our sample, however, utilized alternative solutions to avoid both. These towns either (1) found other sources of revenue, and/or (2) moved some expenditures off the school budget, thereby avoiding the Act 60 sharing requirements. A third strategy was used in Winhall when they closed their public school two years ago.

As stated in last year's report (Jimerson, 1999), many gold towns applied for grants from the Freeman Foundation, which needed to be matched by other sources. Thus gold towns needed to figure out how to raise significant amounts locally in order to "draw

down" the foundational aid. Most of the gold towns in this study formed educational non-profit organizations to handle the solicitation and receipt of private donations. In the four gold towns in this group (Dorset, Stowe, Winhall and South Burlington), the local fund-raising organizations used a "fair share" campaign. This strategy involved sending each property owner a surrogate tax-bill. This specified a "suggested" donation per household, based on that individual's property value, that was needed to fund the above-block portion of the school's budget and thus avoid the sharing requirement. Dorset, Stowe and Winhall were successful with this tactic and totally avoided the above-block sharing provisions.

The gold towns in this study also used another strategy to avoid the financial pain of Act 60. In the never-ending battle to lower education expenses and resultant school taxes, some districts are scrutinizing state regulations and moving as much as possible to town budgets. In our research sites, Stowe, Winhall and South Burlington have done some cost shifting to municipal budgets. Though the state has begun to tighten up the definitions of what expenses are education-related, some gray areas still exist, and in most of these towns, there is some authentic sharing of town/school resources. Town meetings, elections, town recreation activities, etc., frequently occur on school property. So though districts may be taking advantage of ambiguity in the rules, there are probably areas in which shared costs can be justified.

As reported last year (Jimerson, 1999), one community, Winhall, voted to close its public school and assist in the formation of a private school. The main selling point for this strategy was that private schools are not obligated to meet all of the state regulations and may be able to educate the students for lower costs than public schools. The community, however, is still responsible for the statewide property tax and since the cost for tuitioning all their children to other schools was above this amount, they still were left with the problem of above-block spending. Winhall, therefore, also utilized Freeman Foundation grants and other donations to subsidize education costs for above-block expenditures.

This year a number of other communities also considered privatizing (Stowe and Dorset in this sample). However, the Winhall experience has not been smooth and their difficulties have been widely publicized throughout the state. Given the challenges that Winhall faced, both Stowe and Dorset decided not to follow a similar path.

Another alternative is available to districts to mitigate the impact of sharply rising taxes. The initial legislation included the option for local communities to add a penny to the sales tax and use this revenue for educational purposes. The law specifies several requirements and restrictions in using this provision. For example, towns that levy a local sales tax can only use 80 percent for local school expenses, with the remaining 20 percent going into the state Education Fund. There are no communities in this sample that have chosen to use the sales tax provision. South Burlington considered it, but decided not to propose it to voters. Community members in Berlin have recently decided to consider it and had a community forum in November 2000 to obtain citizen feedback. At the time of writing this report, Berlin had not reached a decision about using a local sales tax.

Political resistance. In some ways the political resistance to the Act 60 sharing is expressed by the financial resistance described above. However, there have also been other political activities expressing discontent with the legislation.

Most of the gold towns have tried to solicit financial and political support from

second-home owners to pressure legislators to make changes to the law. Second-home owners are valued as contributing to the economic well being of communities, but are not eligible for the income sensitivity provisions of Act 60. Since this group does not vote, their contribution to anti-Act 60 efforts have been in the form of public relations, such as media interviews, letters to the editor, and economic support of political actions. At one point last year, a group of second-home owners also pressed for the ability to vote on school budgets, indicating that without this they were subjected to "taxation without representation." This effort has not gone far. In order to elicit support from this group, however, the education non-profits that were fund-raising actively pursued second-home owners to contribute to the cause. Letters were sent to second-home owners in almost all gold towns to get them to join the "fair share" campaign.

The main expression of political resistance came in the political campaigning preceding the November 2000 elections. Act 60, as two years ago, became a defining issue in some politicians campaigns. Promises to change and/or repeal the act were heard frequently while other candidates used a pro-Act 60 stance to seek support. Almost every candidate mentioned the need to change some elements of Act 60, even those who were in favor of the legislation.

Although Act 60 received significant attention, Vermont's civil union law tended to attract even more commentary. Thus, at times, Vermont's obsession with Act 60 took second place compared to the political activity surrounding the recently enacted civil unions bill. Perhaps not unsurprisingly, there was a tendency for those against civil unions to also be against Act 60. The combination of the two issues boosted some people's political fortune, and caused the downfall of others. The state election results were not particularly remarkable. In some areas, anti-Act 60 candidates won; while in other areas they lost. The Vermont House will now be controlled by Republicans for the first time in 16 years and many of them are vocally opposed to Act 60. At the same time, the Senate remains under Democratic control and the Democratic Governor was re-elected by a significant margin over his Republican challenger who actively campaigned against Act 60. The Vermont Legislature again is considering a range of Act 60-related bills in the current session.

Cultural resistance. The two forms of resistance discussed above (financial resistance and political resistance), occurred primarily in towns experiencing higher taxes from Act 60. The research team found other forms of cultural resistance occurred in all sites.

Across these twelve towns, school boards, educational personnel and community members continue to discuss the financial aspects of Act 60 in terms of the town's tax rate. While this may be useful for tracking the impact of school spending over time, there appears to be significant resistance to understanding and/or acknowledging that the school taxes, for most residents, are individually adjusted depending on income. Statewide over 83% of taxpayers can receive tax reductions because of the income sensitivity provisions. This does not, of course, affect businesses and second-home owners. It is notable, however, that the impact of income sensitivity is rarely discussed publicly in community forums. This seemingly is a cultural shift that has not yet taken hold in Vermont.

Second, researchers often heard the expression "giving money to Montpelier." In reality, of course, the money that sharing towns give to the Education Fund goes to help

pay for education in all Vermont towns, and doesn't stay in the state's wallet or get put to some other use. Our observations at community meetings clearly illustrate that most citizens feel responsible for paying for educating the students in their own community, but resist taking care of those who live in other communities. Accepting Act 60 entails making a shift from defining community as a particular town, to thinking of community as the entire state of Vermont. This shift also has not occurred in most of our sites.

#### 4. Struggling to Balance Fiscal Realities with Program Needs

In all of these sites, administrators and school boards have been reluctant to make radical changes in their programs--either in adding or cutting programs in their budgets. The reality for these districts (and for others across the state) is that they have been faced with sharply rising educational costs not directly related to adding programs. As stated above, health insurance premiums rose about 23 %. In addition most districts experienced dramatic increases in special education costs. With inflation and these two factors, districts found costs increasing notably. Thus districts that benefit from Act 60 appeared reluctant to add more. A few districts did put money into repair and maintenance items, long denied under harsher financial conditions. Some sites added personnel, especially support positions, such as instructional assistants, increased guidance and nursing staff. The closest to a new program occurred in Hinesburg with the addition of a new staff member, a technology educator. This position was not in the original budget proposal, but was added by community members at the school district annual Town Meeting.

In districts experiencing the negative impact of Act 60, program cuts were limited to avoid decimating programs. The common response was to reduce the time for some of the "specials." South Burlington, for example, cut .2 FTE (one day for one staff member) for audio-visual staff, .2 FTE in music, .4 FTE in foreign language. Dorset's budget eliminated all costs for extra-curricular activities, though programs were reinstated with contributions from the PTO and private funding.

The harsh impact of health insurance and special education increases requires a few additional comments. In most sites, health insurance accounted for approximately 10% of the increased educational costs. For example, Hinesburg had an actual increase of \$553,000 in their budget. Health insurance accounted for over \$59,000 of this amount. Special education was also a significant burden. Almost fifty percent of the increase in Cornwall, for example, was for special education. Their budget increased a total of \$36,400, of which \$17,000 was due to increases in special education.

The three highest increases for K-12 districts were in Dorset (14%), Vernon (13%), and Winhall (13.8%). Interesting, these districts all are tuitioning towns. Dorset and Vernon tuition their high school students. Dorset covers the tuition for grades 9 to 12, while Vernon covers tuition for grades 7 to 12. Now with no public school, Winhall tuitions all its students grades K-12. Dorset and Winhall send most of their students to private schools. Most of Vernon students attend local public schools in Brattleboro. Dorset and Winhall communities vote at town meeting to pay the extra cost of the two local private schools that serve the majority of their children, above the amount required by state law. All three of these districts did experience significant budget increases for secondary tuition costs, from \$82,000 in Dorset, to \$240,000 in Vernon.

### 5. Maintaining Local Uniqueness

In spite of the above common themes, our research team was more impressed with the uniqueness of each community than with the commonalities. Vermont has a staunch tradition of local control, of voting on town and school budgets in local town meetings, of being fiercely independent, of doing things just a bit differently from other states. Local town cultures and traditions matter a great deal to Vermonters and they strongly resist efforts that diminish the characteristic sense of one's own small-town community.

Not surprisingly, our team found communities tend to react and respond to Act 60 in unique ways. Though certainly the gold towns all tried to avoid escalating taxes by using private money, we found that the sentiment in each community varied. In some towns, community members questioned the fair share campaign and resisted it. In other localities, donations exceeded expectations. Some community members questioned the philosophy of avoiding the sharing requirements, while others clearly embraced it.

We also witnessed uniqueness in towns that benefit from the legislation. Some districts are very hesitant about increasing their budgets. Others districts tend to ignore the benefits of Act 60. A few used Act 60 to systematically restore programs cut in previous years. In general, this year was more uniform in the kinds of changes made within school districts and education budgets. Probably this is a result of the common stress of increasing costs of health insurance and special education. These factors effectively eliminated much of the discretionary margin for school boards and administrators. In spite of this, towns in this study voted budgets that increased from 2.3% to 14%.

This year we witnessed failed budgets in two towns. Initial budget proposals were rejected in Belvidere and Morristown during their school district annual meetings. Curiously, both of these districts are beneficiaries of Act 60, and both have a very large percent of the people who benefit from the income sensitivity provisions. Observers at these town meetings felt that the reasons for voting down the budgets seemed more linked to personality conflicts and local politics, than with dissatisfaction with the schools or Act 60.

We believe that these site-specific responses illustrate how Vermont communities act and react in ways to retain and strengthen local culture. The research team has not seen evidence that Vermont is in danger of being homogenized through Act 60.

### **VI. Summary and Conclusions**

As in the past two years, the research team has found it challenging to summarize responses to Act 60. Our sites represent the full range along a continuum of districts--from those who are experiencing intense pressure from the legislation, to those who barely notice its presence. The continuum includes districts that feel able to do things for their schools they always felt they couldn't afford, to those who worry they'll no longer be able to operate their schools at the same level of excellence. And even within any one site, we found that stakeholders had markedly diverse perspectives about the legislation.

We attribute this mosaic of reactions to the complexity of Act 60 and to differences in people's perspectives and priorities. Act 60 touches two areas that most people are passionate about--their money and their children. It also is a piece of

legislation that reinforces, or threatens, or at least intersects with, core values of citizens. Thus the legislation itself invites people to examine their values about civic responsibility, community boundaries, local culture, public education and the democratic ideal of equity. This can be an agonizing process for individuals and communities. Changing belief systems and traditional habits of action is difficult. Act 60 shakes up the status quo and after three years, the shock to culture and tradition is still occurring.

In spite of these challenges, our findings do illuminate some common reactions and responses. Perhaps even more important, they simultaneously highlight serious questions about the future of the legislation.

The following section summarizes our analysis of the present state of Act 60, and our sense of the questions that haunt the future of Act 60.

Summary of present findings. Five main conclusions emerged from this research.

1. In general, educators believe that the quality components of Act 60 are effective in improving educational quality. Though test results in many districts remain ambiguous and inconclusive, educational professionals believe that the quality of teaching and learning is evolving in a positive way. This is happening through focused planning, targeted professional development, careful data analysis, and provision of resources necessary to support quality programs.

2. Some defects of the funding mechanisms of Act 60 are emerging. Community members and educators complain that the inflation adjustment is inadequate and that changing enrollments can cause unanticipated financial strain. On a statewide level, there is concern that the state will not be able to cover shortfalls in the Education Fund if the trend towards funding through private sources continues.

3. Researchers found three distinct ways in which school districts have resisted the changes that are inherent in Act 60: financial resistance, political resistance and cultural resistance. Financial opposition was evident in towns that utilized private funding to avoid the above-block sharing requirements. Political opposition was mainly expressed during the election season in efforts to elect lawmakers who were anti-Act 60. Cultural resistance to Act 60 changes was more subtle and manifested in the difficulty community members had accepting the concept of sharing resources across town lines.

4. All towns are struggling with escalating education costs. The combined impact of much higher costs for health insurance, special education, inflation, and in some districts, tuition, are significant--perhaps more crucial than any changes that can be directly attributed to Act 60.

5. Vermont towns are maintaining their individuality and uniqueness. Local decisions about educational issues still occur. Local budgets are still determined within communities. Different communities have distinct cultures, perspectives and styles that are reflected in the educational choices they make. Act 60 has not diminished this cultural, community-level diversity and local control.

Future uncertainties. As generally optimistic as these results are, we believe that there are very serious challenges to the viability of Act 60. These concerns about the future of the legislation cluster around four questions:

1. Can Act 60 be sustained financially?
2. Can Act 60 be sustained politically?

3. Can Vermonters adjust to the cultural changes implied in the law?
4. Will Act 60 improve student achievement?

The financial and political uncertainty are linked together. Financial sustainability may hinge on the willingness of the state government to increase state aid. And this, of course, will ultimately depend on the economic picture for the state as well as the political climate. Continued economic growth will enable the state to allocate more money to schools. A recession will dampen enthusiasm and ability to do this. At this point, the inadequate inflation adjustment index and continued trends in escalating educational costs shift a substantial burden back to local communities. When communities begin to see rapid increases in town tax rates, they will be more likely to support efforts to change the law.

Political sustainability will depend, of course, on the legislature--and future ones. Calls for dramatic changes, and outright repeal are already being heard. The pressure from businesses and gold towns on local legislators is intense, and well financed.

It remains to be seen to what degree there is continued use of private funds. The Freeman Foundation announced its intentions to discontinue its grants to support schools. Some towns have begun very active campaigns to form endowment funds that could also be used to avoid sharing above-block money. Allowing or restricting this form of financing will be a political issue. Making up for the deficit in the Education Fund is a financial issue.

There also is some speculation that any significant changes to Act 60 may result in another constitutional battle in the Vermont Supreme Court. Plaintiffs have been clear that a retreat from equity will be challenged by further court actions. This type of possibility just increases the uncertainty, since the outcome is an additional unknown.

Perhaps the biggest hurdle for the legislation relates to the cultural changes it calls for. Accepting Act 60 requires multiple shifts in how providing education is perceived by the citizens of the state. At this time, sharing tax revenues with other towns is talked about as participating in a "shark pool." Town education budgets are still analyzed in terms of percent increase over the previous year, rather than per pupil expenses which actually determine tax rates. The relation of an individual's tax burden to his or her income is not emphasized in public meetings and income sensitivity provisions are seldom discussed in public forums. And in towns with a past history of low taxes and high spending, Act 60 is very distressing and perceived as punitive and unfair.

We believe that the most difficult cultural change is expanding one's sense of community. Citizens in gold towns are committed to taking care of their children, though they clearly resent money traveling outside of their town borders. Act 60 encourages an extended sense of responsibility that encompasses every child within the state. Small though it is, Vermont is not yet seen as one community whose citizens have a shared responsibility to educate all students well, no matter where they reside. This is a cultural change that is critical to embracing Act 60 and may be the most difficult to accomplish.

Perhaps the ultimate test of the viability of Act 60 will hinge on the impact of the legislation on student performance. We have noted that the results of state testing, thus far, present a complex and inconclusive picture. This of course is not solely a Vermont problem. Data must be examined longitudinally and disaggregated. The Vermont Department of Education is committed to interpreting test data in valid, reliable and sensible ways and we have confidence that eventually we will know more clearly if and

how the provisions of Act 60 have contributed to the success of our schools. Perhaps the most productive analysis will involve understanding exactly what types of investment produce improved student achievement. Communities need to know if small class size, increased professional development and new technology, for example, yield increased performance. This would be particularly useful to communities, educators and schools board as they develop budgets.

Final words. In a democratic society, two educational values often rise to prominence. First is the principle of equity--providing equal educational opportunities for every child. And second, is the doctrine of self-governance-- community schools guided by local citizens (i.e., local control). In some ways Act 60 attempts to reconcile these opposing pressures by providing equal education opportunity through state funding and still encouraging local discretion. This has been a tough balancing act.

Our investigation indicates that Vermont's Act 60 *does* provide a model for balancing these extremes and honors both equity and local control. As a state known for having the only independent representative in the United States House, a civil unions law, and only 105,000 students, this state is unique and small enough to accomplish this seemingly impossible task.

Historically, however, Vermont has encountered the plight of other states and experienced the erosion of good intentions and workable financial formulas over time. Thus the future remains uncertain and prompts numerous unanswered questions concerning the sustainability of Act 60. These questions concern issues of sustainability, adequacy of funding, political influences and expanding the culture of local control to encompass the entire state. The research team believes that fully achieving and sustaining the initial goals of equity and local control will require continual vigilance on the part of Vermonters.

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**APPENDIX A**  
**Demographics: FY 1997**  
**(Used for Initial Site Selection)**

| School                    | School District | Grades Served | Enrollment FY 97 | Effective Tax rate, FY 97 | Per Pupil Cost (Net, without Debt) | Anticipated Impact Category |
|---------------------------|-----------------|---------------|------------------|---------------------------|------------------------------------|-----------------------------|
| Dorset Elementary         | Dorset          | K-8           | 233              | .92                       | 7002                               | I-A                         |
| Winhall Elementary        | Winhall         | K-6           | 52               | .3                        | 7382                               | I-A                         |
| Stowe Middle/HS           | Stowe           | 6-12          | 372              | .7                        | 9349                               | I-A                         |
| Vernon Elementary         | Vernon          | K-6           | 237              | .48                       | 6621                               | I-A                         |
| Belvidere Central         | Belvidere       | 1-6           | 36               | 1.87                      | 5019                               | I-B                         |
| Hinesburg Elementary      | Hinesburg       | K-8           | 626              | 1.85                      | 4016                               | I-B                         |
| Lowell Graded School      | Lowell          | K-6           | 107              | .61                       | 3060                               | I-C                         |
| Peoples Academy           | Morristown      | 7-12          | 556              | 1.3                       | 4992                               | I-D                         |
| Berlin Elementary         | Berlin          | K-6           | 283              | 1.39                      | 4903                               | II                          |
| S. Burlington High School | S. Burlington   | 9-12          | 843              | 1.47                      | 6312                               | II                          |
| Bingham Memorial School   | Cornwall        | K-6           | 95               | 2.3                       | 6488                               | III                         |
| Proctor Jr/Sr High School | Proctor         | 7-12          | 212              | 2.13                      | 7067                               | III                         |

Category I: Anticipated High Impact

A--Low Tax/High Spending

B--High Tax/Low Spending

C--Low tax/Low Spending

D--Average tax/Low Spending

Category II: Anticipated Minimal or Low Impact

Category III: Unknown Impact

High Spending defined as: > \$5800 (K-6) per pupil

> \$6600 (7-12)

Low Spending defined as : < \$4000 (K-6)

< \$5000 (7-12)

1997 State Average Effective Tax Rate:

1.36

State Average Per Pupil Spending:

K-6 --\$4752

7-12 --\$5607

# APPENDIX B

## Act 60 Payment Summaries: FY 99 through FY 2001

| District Site | FY 1999 <sup>1</sup>                                       |           |              | FY 2000 <sup>1</sup>                                       |           |              | FY 2001 <sup>3</sup>                                       |           |                                                                               |           |                                       |
|---------------|------------------------------------------------------------|-----------|--------------|------------------------------------------------------------|-----------|--------------|------------------------------------------------------------|-----------|-------------------------------------------------------------------------------|-----------|---------------------------------------|
|               | Above-Block Payment To or From Education Fund <sup>2</sup> |           | Prebates     | Above-Block Payment To or From Education Fund <sup>2</sup> |           | Prebates     | Above-Block Payment To or From Education Fund <sup>2</sup> |           | NET Payment To or From Education Fund--INCLUDING Categorical Aid <sup>3</sup> |           | Prebates <sup>4</sup>                 |
|               | TO Fund                                                    | FROM Fund |              | TO Fund                                                    | FROM Fund |              | TO Fund                                                    | FROM Fund | TO Fund                                                                       | FROM Fund |                                       |
|               |                                                            |           | Total Amount |                                                            |           | Total Amount |                                                            |           |                                                                               |           | Total Amount (Estimate as of 12/1/00) |
| Belvidere     | -                                                          | 6,463     | 19,934       | -                                                          | 27,869    | 19,066       | -                                                          | 47,456    | -                                                                             | 331,973   | 14,905                                |
| Berlin        | -                                                          | 823       | 238,878      | 112,219                                                    | -         | 263,083      | 239,612                                                    | -         | -                                                                             | 414,322   | 238,6989                              |
| Cornwall      | -                                                          | 31,733    | 242,700      | -                                                          | 35,542    | 232,022      | 93,320                                                     | -         | -                                                                             | 233,431   | 121,289                               |
| Dorset        | 258,093                                                    | -         | 383,009      | 8,181                                                      | -         | 372,742      | -                                                          | -         | 1,286,808                                                                     | -         | 403,927                               |
| Hinesburg     | -                                                          | 360,959   | 508,568      | -                                                          | 518,063   | 487,975      | -                                                          | 605,833   | -                                                                             | 3,146,191 | 384,617                               |
| Lowell        | -                                                          | -         | 41,008       | -                                                          | 1,463     | 53,135       | -                                                          | 2,251     | -                                                                             | 649,051   | 50,124                                |
| Morristown    | -                                                          | 34,793    | 414,996      | -                                                          | 191,012   | 443,003      | -                                                          | 161,595   | -                                                                             | 2,240,198 | 458,480                               |
| Proctor       | -                                                          | 258,358   | 228,419      | -                                                          | 536,968   | 221,525      | -                                                          | 599,247   | -                                                                             | 1,730,392 | 124,643                               |
| S. Burlington | 100,949                                                    | -         | 1,713,869    | 2,014,629                                                  | -         | 1,815,608    | 2,829,601                                                  | -         | 1,105,245                                                                     | -         | 1,502,220                             |
| Stowe         | 728,436                                                    | -         | 407,949      | -                                                          | -         | 675,078      | -                                                          | -         | 4,989,693                                                                     | -         | 711,619                               |
| Vernon        | -                                                          | -         | 21,586       | -                                                          | -         | 27,109       | -                                                          | -         | -                                                                             | 1,755,957 | 41,352                                |
| Winhall       | 543,615                                                    | -         | 14,973       | 966                                                        | -         | 67,256       | -                                                          | -         | 3,101,713                                                                     | -         | 103,605                               |

<sup>1</sup>FY 1999 and FY 2000 data from Vermont Dept. of Taxes and Vermont Dept. of Education as of 12/00

<sup>2</sup>Represents Local Share payment for above-block expenditures. Does *not* include any categorical aid or income sensitivity.

<sup>3</sup>Data from the Joint Fiscal Office

<sup>4</sup>FY 2001 data are *estimates* as of 12/00 from Vt. Dept. of Taxes and Vt. Dept. of Education.

## APPENDIX C

### Tax Rate Summaries: FY 98 through FY 2001

| District Site | Effective School Tax Rate |       |         |                        | Actual School Tax Rate |       |         |                        |
|---------------|---------------------------|-------|---------|------------------------|------------------------|-------|---------|------------------------|
|               | 97-98                     | 98-99 | 99-2000 | 2000-2001 <sup>1</sup> | 97-98                  | 98-99 | 99-2000 | 2000-2001 <sup>1</sup> |
| Belvidere     | 1.88                      | 1.42  | 1.27    | 1.41                   | 1.93                   | 1.27  | 1.17    | 1.59                   |
| Berlin        | 1.31                      | 1.43  | 1.60    | 1.74                   | 1.38                   | 1.55  | 1.71    | 1.88                   |
| Cornwall      | 2.25                      | 2.14  | 1.82    | 1.96                   | 2.93                   | 2.73  | 1.83    | 1.99                   |
| Dorset        | 1.02                      | 1.34  | 1.07    | 1.06                   | 1.00                   | 1.39  | 1.10    | 1.11                   |
| Hinesburg     | 1.88                      | 1.66  | 1.62    | 1.75                   | 1.76                   | 1.76  | 1.61    | 1.77                   |
| Lowell        | .62                       | .93   | 1.08    | 1.11                   | .66                    | .95   | 1.12    | 1.12                   |
| Morristown    | 1.39                      | 1.18  | 1.29    | 1.48                   | 1.39                   | 1.21  | 1.40    | 1.61                   |
| Proctor       | 2.10                      | 2.02  | 2.00    | 2.22                   | 2.19                   | 2.06  | 2.05    | 2.26                   |
| S. Burlington | 2.25                      | 1.67  | 1.77    | 1.83                   | 2.37                   | 1.69  | 1.83    | 1.91                   |
| Stowe         | .69                       | 1.02  | 1.07    | 1.03                   | .71                    | 1.02  | 1.11    | 1.10                   |
| Vernon        | .44                       | .52   | .45     | .62                    | .48                    | .52   | .45     | .62                    |
| Winhall       | .29                       | .56   | .85     | 1.05                   | .48                    | .63   | .96     | 1.23                   |

<sup>1</sup>Data from Vermont Department of Property Valuation as of 1/9/00. All rates are subject to change.

## APPENDIX D

### District Budget Summaries: FY 98 through FY 2001

| District Site | Student Population (preK - 12) <sup>1</sup> |                                 |                                   |                                   | Total Budget (preK-12) <sup>2</sup> |            |                      |                            | Per Pupil Costs <sup>3</sup> |        |                   |                         |
|---------------|---------------------------------------------|---------------------------------|-----------------------------------|-----------------------------------|-------------------------------------|------------|----------------------|----------------------------|------------------------------|--------|-------------------|-------------------------|
|               | FY 98<br>Equalized<br>Pupil Ct.             | FY 99<br>Equalized<br>Pupil Ct. | FY 2000<br>Equalized<br>Pupil Ct. | FY 2001<br>Equalized<br>Pupil Ct. | FY 98                               | FY 99      | FY 2000              | FY 2001                    | FY 98                        | FY 99  | FY 2000           | FY 2001                 |
| Belvidere     | 66.35                                       | 70.93                           | 62.70                             | <b>66.05</b>                      | 500,230                             | 511,905    | 536,105              | <b>615,691</b>             | 7539                         | 7217   | 8550              | <b>9322</b>             |
| Berlin        | 512.61                                      | 524.15                          | 509.96                            | <b>494.43</b>                     | 3,546,389                           | 3,756,683  | 4,014,838            | <b>4,261,604</b>           | 6918                         | 7167   | 7873              | <b>8619</b>             |
| Cornwall      | 212.06                                      | 210.90                          | 203.10                            | <b>196.40</b>                     | 1,943,763                           | 1,909,868  | 1,834,159            | <b>1,847,759</b>           | 9166                         | 9056   | 9031              | <b>9408</b>             |
| Dorset        | 358.42                                      | 355.58                          | 353.79                            | <b>354.65</b>                     | 3,512,619                           | 3,610,269  | 3,019,201            | <b>3,442,653</b>           | 9800                         | 10,153 | 8534              | <b>9707</b>             |
| Hinesburg     | 819.99                                      | 819.47                          | 819.69                            | <b>836.98</b>                     | 5,572,153                           | 6,320,064  | 6,697,589            | <b>7,529,982</b>           | 6795                         | 7712   | 8171              | <b>8997</b>             |
| Lowell        | 167.76                                      | 165.89                          | 162.50                            | <b>162.84</b>                     | 819,134                             | 931,291    | 960,796              | <b>1,093,714</b>           | 4883                         | 5614   | 5913              | <b>6716</b>             |
| Morristown    | 924.08                                      | 914.56                          | 879.94                            | <b>869.32</b>                     | 6,495,725                           | 6,939,550  | 7,503,325            | <b>7,995,700</b>           | 7029                         | 7588   | 8527              | <b>9198</b>             |
| Proctor       | 336.45                                      | 339.65                          | 334.34                            | <b>335.48</b>                     | 2,942,300                           | 3,184,443  | 3,414,788            | <b>3,542,429</b>           | 8745                         | 9376   | 10,213            | <b>10,552</b>           |
| S. Burling.   | 2,330.85                                    | 2,328.50                        | 2,413.44                          | <b>2,429.69</b>                   | 18,988,826                          | 20,310,765 | 22,966,687           | <b>21,459,023</b>          | 8147                         | 8723   | 9516              | <b>8832</b>             |
| Stowe         | 623.26                                      | 637.73                          | 641.17                            | <b>628.42</b>                     | 5,936,600                           | 6,101,637  | 5,910,750            | <b>6,048,808</b>           | 9525                         | 9568   | 9219              | <b>9625</b>             |
| Vernon        | 384.45                                      | 395.26                          | 407.46                            | <b>404.21</b>                     | 3,313,329                           | 3,830,624  | 3,565,790            | <b>3,833,459</b>           | 8618                         | 9691   | 8751              | <b>9484</b>             |
| Winhall       | 82.63                                       | 85.33                           | 95.23                             | <b>99.70</b>                      | 955,529                             | 1,125,000  | 776,779 <sup>4</sup> | <b>885,374<sup>4</sup></b> | 11,564                       | 13,184 | 8157 <sup>4</sup> | <b>8880<sup>4</sup></b> |

<sup>1</sup>Data is from the Department of Education as of 12/00. There are multiple ways to count student population (eg., Weighted ADM, Unweighted ADM, Actual Enrollment and Equalized Pupil Count). Equalized Pupil Count was used here since (1) the available data was available for the four years, and (2) these numbers are used by the Dept. for some Act 60 purposes.

<sup>2</sup>Budget as reported to the Department of Education.

<sup>3</sup>This calculation of per pupil costs is derived from dividing the Total Budget by the Equalized Pupil Count.

<sup>4</sup>Note that for FY 2000 and FY 2001, Winhall's reported budget does not include costs that are paid for by private sources. In FY 2000, this was approximately \$160,000. In FY 2001, this was approximately \$173,000.

## APPENDIX E

### School Sites Summaries: Impact of Budget Changes<sup>1</sup>

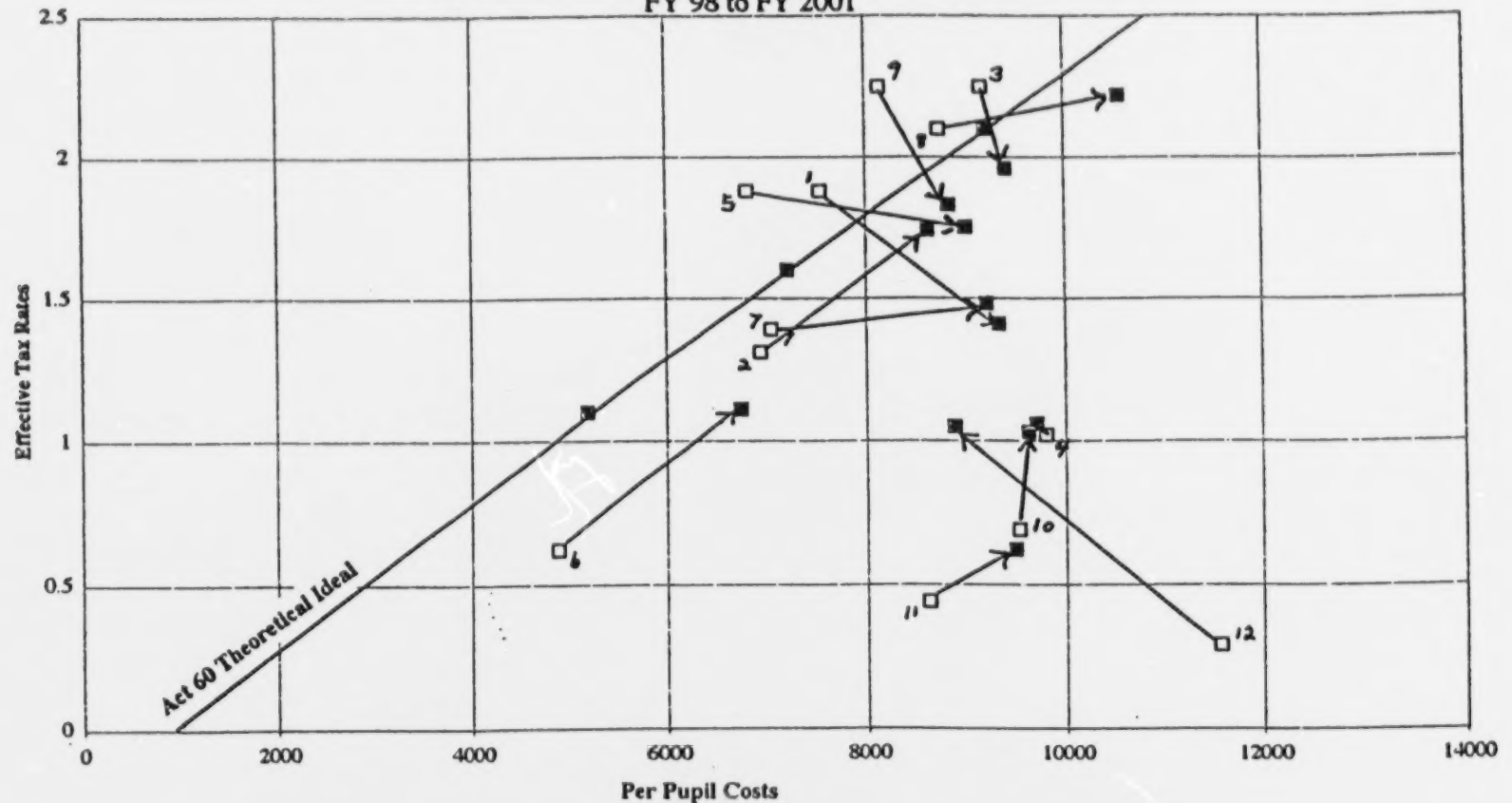
| SCHOOL Site                       | % Change in Budget from<br>FY 2000 to FY 2001 <sup>1</sup><br>(NOT Including any<br>offsetting revenue)                                                                                                                   | Impact of Budget Changes in School Sites--from FY 2000 to FY 2001:<br>Programmatic, Staffing and Resource Changes                                                                                                                                                                                      |
|-----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Belvidere<br>Elementary School    | + 14.3 % for K-6 only<br>(Actual increase of \$47,607)<br><br><b>+11.7% for K-12</b><br>(Actual increase \$62,741)                                                                                                        | K-6 Increases:<br>Health insurance--\$7,269<br>Principal from .2 FTE to 1.0 FTE<br>Increase of .2 FTE classroom teacher<br>K-6 Reductions:<br>\$3,500 in Repairs and Maintenance                                                                                                                       |
| Berlin Elementary<br>School       | +4 % for K-6<br><br><b>+8 % for K-12</b>                                                                                                                                                                                  | Union HS Increases:<br>HS building project--increase of capital expense of \$270,000. Berlin pays a % of<br>this amount<br>K-6 Increases:<br>Special education--\$28,500<br>1 FTE classroom teacher. NOT in budget as passed. Added after Town Meeting<br>and paid for by Class-size Reduction monies. |
| Cornwall<br>(Bingham<br>Memorial) | + 4.96 % for K-6 only<br>(\$36,439 actual increase. Does<br><i>not</i> include additional \$5,000<br>added at Town Meeting to<br>extend kindergarten day.)<br><br><b>+ 6.28 % for K-12</b><br>(Actual increase \$103,591) | K-6 Increases:<br>Health insurance and Increased benefits for aides--\$25,669<br>Special education--\$24,787                                                                                                                                                                                           |

<sup>1</sup>Note: When possible, the percent of budget change is for the SCHOOL site. In some cases, it was not possible to separate the school budget from the K-12 budget. This is indicated in the notes on the chart. Note that statewide, health insurance increased 22-24%, with an average of 23% increase. Some schools/districts include all capital improvements in their operating budgets--while others keep this separate. The attempt here was to display the budgets as presented by the districts, but to note the sources when possible. Also some of the increases in the budget are offset by corresponding revenue increases.

|                              |                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Dorset Elementary School     | <b>+ 14 % for K-12</b><br>(\$423,452 actual increase)                                                                                                                                                                                                                                                    | K-8 Increases:<br>Health services--increase to fund 1 FTE registered nurse (previously part-time)<br>Repairs & Maintenance--\$26,000<br>District K-12 Increases:<br>Secondary tuition--\$82,000<br>Special Ed--\$153,000<br>Health insurance--\$33,700                                                                                                                                                                                                                                                                                       |
| Hinesburg Elementary School  | <b>+ 10.8 % for K-8 only</b><br>(Actual increase is \$500,000.<br>Does <i>not</i> include separate article for capital repairs for \$130,000.<br>Does <i>not</i> include Technology Educator added at Town Meeting)<br><br><b>+12.4 % for K-12</b><br>(Including \$130,000 for separate capital repairs) | K-8 Increases:<br>Health Insurance--\$59,000<br>Staff salary increases--\$118,000<br>Special Ed--\$150,000<br>EEE--\$12,000<br>Title I--\$35,000<br>Technology--\$38,000<br>Computer Lab Monitor (from .5 to 1.0 FTE)--\$20,000<br>Maintenance--\$24,000 (heating and ventilation repairs)                                                                                                                                                                                                                                                   |
| Lowell Graded School         | <b>+10.6 % for preK-8</b><br>(Actual increase of \$69,502)<br><br><b>+ 12.2 % for preK-12</b><br>(Actual increase of \$132,918)                                                                                                                                                                          | preK-8 Increases:<br>.2 FTE for administrative time (Principal went from .8 FTE to 1.0 FTE)<br>Pre-school--\$15,000 start-up costs<br>District K-12 Increases:<br>Union HS assessment--increase of \$63,000                                                                                                                                                                                                                                                                                                                                  |
| Morristown (Peoples Academy) | <b>+ 6.6 % for K-12</b>                                                                                                                                                                                                                                                                                  | District K-12 Increases:<br>Health insurance--\$238,000--23% increase<br>Debt service--\$135,325<br>Special Ed--\$47,175<br>Plant operations--\$51,175<br>HS Increases:<br>.5 FTE teacher for AP biology<br>1.0 FTE Administrative Assistant                                                                                                                                                                                                                                                                                                 |
| Proctor Jr./Sr. High School  | <b>+12.3% for Grades 7-12</b><br>(Actual increase of \$211,314)<br><br><b>+ 3.74 % for K-12</b><br>(Actual increase of \$127,641)                                                                                                                                                                        | Jr/Sr High School Increases:<br>Health insurance--\$31,265<br>Home-school coordinator (.5 FTE)--\$18,615<br>Special education--\$35,620<br>Nursing staff (Shared position last year with elementary school)--\$29,739<br>District K-12 Increases:<br>Health insurance--23 % increase<br>Technology coordinator--\$12,918<br>School resource deputy (shared with West Rutland and 1/2 cost covered by grant from sheriff's department)--\$3,858<br>Architect fees--\$15,000<br>District K-12 Decreases:<br>Capital projects-- minus \$160,000 |

|                           |                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                            |
|---------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| South Burlington HS       | <b>+ 7.6 % for K-12</b><br><br>(Actual increase is \$1,738,407.<br>Does <i>not</i> include items funded<br>by private funding of \$644,500.)                        | District K-12 Budget Changes: Moved \$148,397 to Town Budget<br>District K-12 Increases:<br>Special Ed--\$700,000<br>Health insurance--\$330,000<br>Salary increases--\$350,000<br>Reinstatements--\$249,679<br>HS Reductions:<br>.4 FTE Language Position<br>.2 FTE Music<br>.2 FTE AV Teacher<br>.8 FTE Guidance<br>.2 FTE Support Staff |
| Stowe Jr./Sr. High School | <b>+ 2.3 % for K-12</b><br><br>(Actual increase is \$138,058)                                                                                                       | K-6 Increases:<br>Added 1 FTE classroom teacher<br>District K-12 Increases<br>.5 FTE speech pathologist<br>Health insurance--over \$100,000                                                                                                                                                                                                |
| Vernon Elementary School  | <b>+ 3.24 % for Grades K-6 only</b><br><br><b>+8.35 % for K-12</b><br>(Actual increase of \$297,629)                                                                | District K-12 Increases:<br>Special education--increased \$58,177 (+16.1%)<br>Health insurance--23% increase<br>HS Tuition--increase of 14% or \$176,868                                                                                                                                                                                   |
| Winhall School District   | <b>+ 13.8 % for K-12</b><br><br>(Actual increase is \$108,594.<br>This does <i>not</i> include additional<br>costs covered by private funds<br>for excess tuition.) | District K-12 Increases:<br>Elementary tuition--\$17,926<br>Special Ed--\$11,182<br>EEE--\$6,711<br>New bus--\$20,000<br>Secondary tuition--\$95,046<br>District K-12 Reductions:<br>Plant operations and Maintenance--\$44,273                                                                                                            |

**APPENDIX F**  
**Graph of Changes in Effective Tax Rates--Per Pupil Costs**  
**FY 98 to FY 2001**



This graph displays the relationship between effective tax rates and per pupil costs for FY 1998 and FY 2001. The *theoretical ideal* is based on an effective tax rate of \$1.10 for the block grant and a guaranteed yield of \$40 per one cent on the tax rate for above-block spending. It assumes that all educational expenses are paid for by property taxes. The open boxes represent FY 1998 (pre-Act 60) values and the solid boxes represent FY 2001 values. The arrows indicate the net changes over the three years. The sites are identified by number:

- |              |              |                  |             |
|--------------|--------------|------------------|-------------|
| 1--Belvidere | 4--Dorset    | 7--Morristown    | 10--Stowe   |
| 2--Berlin    | 5--Hinesburg | 8--Proctor       | 11--Vernon  |
| 3--Cornwall  | 6--Lowell    | 9--S. Burlington | 12--Winhall |

This graph is a rough estimation and must be interpreted with *caution* for at least two reasons:

1. The per pupil costs are calculated using the equalized pupil count presented in Appendix D., not the weighted ADM used by the state elsewhere. Those numbers were not available for FY 2001, so the points on the graph are approximate, though the trends are accurate.
2. Effective tax rates are based on the tax effort needed to support schools after all other sources of revenue are subtracted, and property values across the state have been equalized. The rates used in this graph *would not generate* the revenue needed to pay for all educational expenses in all sites, especially since in some towns, revenues from grants and private donations have been applied to lower, or eliminate, taxes for above-block spending.